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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 22 August 1978

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday, 22 August 1978.

The NID Cable is for the purpose of informing senior US officials.

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PORTUGAL: Crisis Continues

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Portugal's government crisis is dragging into its fourth week, and it is still doubtful that Prime Minister-designate Nobre da Costa will succeed in putting together a government that will last. The legislature is convening today to begin debate on legislation to pave the way for early elections if Nobre da Costa's effort fails. The Socialist Party, Portugal's largest, remains the key. Its power struggle with President Eanes, which has greatly exacerbated the crisis, does not appear to be losing steam.

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After a second round of talks with the major political parties on Thursday, Nobre da Costa was expected to sound out independents and technicians for cabinet posts. Bank of Portugal Governor Silva Lopes has already accepted the post of Finance Minister, and Firmino Miguel will continue as Defense Minister. He was rebuffed by Vitor Constancio, the highly successful outgoing Socialist Finance Minister. It is still doubtful, however, that Nobre da Costa will be able to bring prominent party figures into his government.

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Both the Socialists and the Communists, who together control a majority in the legislature, are skeptical about Nobre da Costa's plans to establish a government of independents and technicians. The Socialists claim that the concept of a government divorced from the political parties is not valid. The Communists maintain that individuals claiming to be independent still have political preferences; they believe Nobre da Costa has a predilection for the right that will lead to the formation of an anti-left government.

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The Communists have special reason to worry. As the independent Minister for Industry in a former Socialist government, Nobre da Costa played a key role in extricating several industries that had been seized by the Communists in 1975. A major demonstration staged by the Communists Friday was probably aimed at reminding Nobre da Costa of their strength.

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Portugal's conservative parties, the Social Democrats and the Center Democrats, believe Nobre da Costa's efforts should be supported. They are withholding official endorsement until the final cabinet list is known, but have agreed to allow second-ranking party members to participate in

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the government.

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The convening of the legislature to update and re-write Portugal's election law reflects a growing consensus that Nobre da Costa's government will probably serve only as a caretaker until an early election is held, perhaps as early as February or March.

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This consensus emerged after the Socialists flatly refused to allow party members to participate in a non-Socialist government. With the Communists and Center Democrats agreeing that no stable government is feasible without the Socialists firmly in tow, Socialist leader Soares appears to have struck a severe blow to President Eanes' hopes of preserving Nobre da Costa's non-party government in office until regularly scheduled elections in 1980.

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ISRAEL: Political Poll Results

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A recent poll indicates that a significant majority of Israelis are satisfied with the Begin government's efforts toward peace.

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A poll published Sunday by a major Israeli newspaper showed that 54 percent of those questioned believe the government is doing all it can to achieve peace, while another 15 percent feel the government is doing "more or less" everything necessary. The poll also disclosed that 63 percent of those surveyed believe the chances of peace are better under Prime Minister Begin's administration than under the previous Labor government; only 7 percent feel chances for peace are worse now.

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Although the questions in this poll differ from those in one taken on 26 July, one week after the talks at Leeds, England, both indicate solid majorities supporting Begin's conduct in the negotiations.

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AFGHANISTAN: Domestic Situation

25X1 [] //President Taraki appears to be dealing effectively with his opponents, although he still faces threats from several sources.//

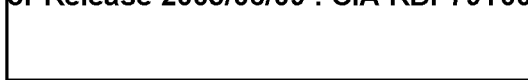
25X1 [] There has been no indication of an adverse reaction within the military to the arrest last week of Defense Minister Abdul Qader, a major figure in the overthrow of President Daoud and a potentially strong rival of Taraki. Although Taraki appears to have control over the armed forces, the removal of Qader, a strong Afghan nationalist, is likely to add to unhappiness in the military. The armed forces' continued loyalty to the new regime is still far from certain.

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SYRIA: Reaction to Aid Vote

25X1 [] The Syrians view the vote in the US House of Representatives against the proposed \$90 million US economic assistance program as an effort to punish President Assad for his opposition to the Egyptian peace initiative. A termination of US aid is not likely to affect significantly Assad's policies toward the peace process and Lebanon. Syria may, however, be less responsive to US interests on other issues such as human rights.

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[REDACTED] Conversations between US and Syrian officials in Damascus indicate that the House vote has already damaged US-Syrian diplomatic relations, which were restored in 1974. Assad told a visiting Saudi official last week that he views the vote as a blatant pressure tactic.

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[REDACTED] The House vote has undermined Assad's policy of cautiously improving relations with the US and the West. If the Senate does not restore the aid, this policy would undoubtedly be further damaged. In the ruling Baath Party, leftist critics of Assad's opening to the West feel vindicated by the vote and will probably counsel Assad to upgrade relations with the USSR. Nonetheless, Syria's official radio announced yesterday that Assad is going ahead with a visit to West Germany in early September.

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[REDACTED] Assad is unlikely to alter significantly his policy toward the peace talks or Lebanon because of the aid cutoff. Reports that Assad considered breaking relations with the US are probably exaggerated. He will probably be more suspicious of US motives and actions in Lebanon and may be less willing to compromise on issues such as the status of Syria's small Jewish community, whose situation has been improving in recent years. He may now oppose further steps towards freer Jewish emigration, for example. [REDACTED]

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BRIEF

Chad

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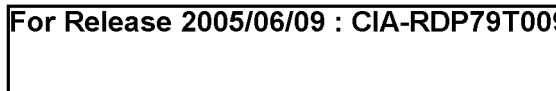
[REDACTED] The wounding of two people in a grenade attack on a theater in Ndjamena, Chad, this weekend was the first instance of indiscriminate terrorism by antigovernment rebels. A radical faction claimed responsibility for the action.

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[REDACTED] The rebels, who lost the military initiative after major losses to French-supported government forces earlier this year, have until now confined their terrorism to government officials and security personnel. Insurgent leaders have shied away from indiscriminate attacks to avoid losing the support of Ndjamena's substantial Arab population. Increasing rebel frustration with the military situation and friction within the rebel movement may prompt additional attacks. [REDACTED]

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